

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

PremierWest Bancorp

Point of Contact:	Douglas N. Biddle, CFO	RSSD: (For Bank Holding Companies)	2867542
UST Sequence Number:	562	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	41,400,000	FDIC Certificate Number: (For Depository Institutions)	32975
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 13, 2009	City:	Medford
Date Repaid <sup>1</sup> :	N/A	State:	Oregon

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

PremierWest Bank originated \$56.3 million in loans during 2010

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The major types of loans originated in 2010 were commercial mortgage loans, commercial & industrial loans, and small business loans.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

PremierWest Bank's investment portfolio increased \$52.3 million from \$166.0 million as of December 31, 2009 to \$218.3 million as of December 31, 2010. A wide variety of securities were purchased with a concentration in MBS and CMO securities.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

While PremierWest Bank's allowance for loan losses actually decreased from \$45.9 million as of December 31, 2009 to \$35.6 million as of December 31, 2010, net charge-offs for the year were \$20.4 million.

☐ **Reduce borrowings.**

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☒ **Increase charge-offs.**

Net charge-offs for the year were \$20.4 million. The TARP CPP funding was instrumental in maintaining an allowance for loan losses at an appropriate level despite the charge-offs experienced.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The TARP CPP funds have been critical to PremierWest Bank's ability to continue to serve the banking needs of the communities in which it operates. Without the TARP CPP funds, the breadth of banking services offered would likely have had to have been curtailed which may have resulted in a reduction in financing/banking options for our customers.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.